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SUBJECT: Commission Hosts Discussions on U.S. - EU Development
Coordination

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11. (SBU) SUMMARY: On June 15-16, the European Commission hosted a Technical Meeting on Development in Brussels. The meeting was a continuation of a series of discussions between the U.S. and EU aimed at promoting a renewed trans-Atlantic dialogue on development. Sessions were held on food security, regional economic integration in Africa, and the development aspects of climate change, including both adaptation and mitigation. USAID proposed several concrete next steps, including joint missions at senior policy levels in Africa focused on food security, EU-US meetings on the margins of various multilateral meetings such as the upcoming African Union Summit, an exchange of technical papers, and a more detailed discussion on aid effectiveness. USG participants underscored the importance of tangible outcomes in the field arising out of any policy dialogue in order for it to hold interest for our senior policy makers. END SUMMARY

BACKGROUND

12. (SBU) Building on a series of informal discussions beginning in early 2009 in Brussels, Paris and Washington, U.S. and EU development officials agreed to hold two-day technical discussions on potential areas of cooperation and dialogue in Brussels in mid June. The meetings, hosted by the Commission but also involving broad member state participation, focused on food security, regional integration, and the development aspects of climate change. At various times, aid effectiveness and Millennium Development Goals (MDGs) also figured in the discussions. U.S. participants included State, USAID, and MCC, while the EU was represented by various elements of the Commission as well as almost all member states. The United Kingdom made only a very brief appearance during the concluding session. Talks continued during an EC hosted dinner on June 15 as well as in side conversations at the Commission on the afternoon of June 16.

13. (SBU) In opening remarks, USG interlocutors updated EU colleagues on current administration views on development. Norm Nicholson, head of USAID's Bilateral and Multilateral Donor Division within its Office of Development Partners (ODP), stressed the new administration's commitment to engaging with multilateral actors. He also noted President Obama's interest in doubling the size of U.S. development assistance by 2015 and renewed commitment to the MDGs. Richard Morford, Managing Director of Donor and Multilateral Relations for the Millennium Challenge Corporation (MCC) described

the MCC's work in some of the poorest countries in the world and said there is scope for greater cooperation. All USG speakers reiterated that a policy dialogue for its own sake was not sufficient, that broad inter-agency participation in a series of discussions at many levels is essential, and that senior level USG participation in more formal sessions would be predicated on a demonstration that talks would lead quickly to tangible progress in the field.

14. (SBU) In response, Director for EU Development Policy Maciej Popowski agreed, emphasizing the need to continue in an operational mode. He also highlighted the importance of a "whole of government" approach as well as a field-level focus. Representatives from the outgoing Czech presidency underlined the importance of continuing to move toward a formal dialogue process and proposed further discussions at the next U.S.-EU task force. Looking ahead to the Swedish presidency, the Swedish representative affirmed that the Swedish Presidency planned to invest "a lot of energy" in U.S.-EU development coordination.

FOOD SECURITY

15. (SBU) The discussion of food security was energetic, broad in scope, and viewed by many as the most fruitful aspect of the meetings. After listening to presentations on EU and U.S. initiatives, Popowski described both approaches as broadly similar. He also suggested that the true challenge lies in an effective field-level and country-led implementation of those strategies. Potential areas of cooperation raised by various EU member states included both field-level and policy issues: joint baseline studies and needs assessments; charting the transition from emergency to development; a focus on purchasing power; exchanging priority countries to identify overlap; the importance of private sector

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investors; early warning systems; and nutrition programs for pregnant and lactating mothers, infants, children and women.

16. (SBU) USAID and Commission counterparts had a lively exchange on the role of social safety nets. USAID and MCC officials noted an emphasis on social supports had distracted donors from focusing on economic growth strategies. Economic growth produces revenues which help to sustain public sector expenditures on safety nets over the long run. Commission officials agreed, but added a sole focus on production cannot be successful without supporting social mechanisms in parallel. EC experts continued that access to food is a critical element, not only increased production. Finland emphasized the crucial role of economic growth in alleviating food insecurity and highlighted the importance of coordination among all players involved. The US emphasized in response that food security was rooted in increased productivity and rising incomes, but agreed that food security was a broader concept than productivity increases and that these aspects were integral to the proposed U.S. approach.

17. (SBU) In response, USAID proposed joint U.S.-EU missions at the senior policy level to selected countries in Africa to assess the effectiveness of ongoing food security initiatives in the field and look for ways to strengthen them. Importantly, both sides should concentrate on areas where political will and technical ability are present. A key outcome will be joint country visits to bring political and technical focus to produce country level efforts that work effectively and improve aid effectiveness.

REGIONAL INTEGRATION

18. (SBU) In contrast to the previous session, the regional integration discussion mostly involved an exchange of information without reaching conclusion on specific concrete plans aimed at promoting greater cooperation. The Commission noted a desire for closer ties with USAID on two of their recent assessments covering energy and transport and water.

¶9. (SBU) USAID emphasized the need for greater capacity building in the regional economic communities (RECs). Various interventions cited a number of upcoming events that offer opportunities to engage such as the next AU Summit and World Trade Organization Aid for Trade meeting. Lastly, USAID suggested a regional economic integration partnership, which would bring each side together to identify important and concrete areas to engage RECs.

¶10. (SBU) Nicholson pointed out there is not "universal agreement" in Washington that a development dialogue is needed and exhorted attendees to craft a dialogue that would "make a significant difference" in the field. He challenged the EU side to work with the U.S. to find areas of cooperation and to identify strategic issues "that are worthy of inclusion in the upcoming U.S.-EU Summit". To that end, Nicholson offered to host meetings on the margins of the upcoming African Union (AU) summit to discuss regional integration in a practical context. As a starting point, he suggested that the U.S. and EU could together pick one or two regions where greater U.S.-EU cooperation would make a difference.

¶11. (SBU) In a separate side meeting afterwards, agreement was reached to jointly support a roundtable or conference on regional economic integration in Africa later in the year, possibly in November 2009. Serious consideration will also be given to a donor coordination meeting in West Africa organized around the corridor development agenda and the related aid for trade agenda. Such a meeting would require follow-up with ECOWAS to determine timing. Commission counterparts requested that the dialogue be focused on an exchange between head quarters for the time being. The Commission also asked for an exchange of information on regional efforts and opportunities for cooperation around pastoral issues, especially in East Africa.

WORKING DINNER

¶12. (SBU) The Commission hosted a small working dinner on June 15, resulting in some measure of progress and a general consensus that a

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renewed "development dialogue" could usefully engage a broad range of development actors in both the U.S. and EU. The goal is to improve cooperation and achieve concrete, field-level results. There was broad agreement that such cooperation can benefit significantly from better discussions at the policy level (and vice versa) and that discussions need to involve all agencies involved in development-related work. The necessity of rethinking the Millennium Development Goals (and beginning to think of possible new approaches after the 2015 MDG target date) was also discussed, with Popowski underscoring the "need to go beyond ODA as we now know it." Other topics of discussion included ways to engage with China in its role as an emerging donor and current U.S.-EU discussions anticipated in the lead up to several upcoming international events.

¶13. (SBU) The link between the technical level dialogue and broader political level policy discussions is not entirely clear either within the EU or the U.S. Nor is it entirely evident that the broad EU membership or the EU Presidency is necessarily the most appropriate context for some policy issues. It was agreed that further discussion would be needed to develop a policy agenda and to discuss the value added of such a discussion within the transatlantic dialogue.

CLIMATE CHANGE

¶14. (SBU) The second day of meetings opened with a session on climate change. Commission officials suggested more focused cooperation in four main areas: adaptation; disaster risk reduction; reducing emissions for deforestation; and the integration of climate change concerns into national development strategies, focused on EU initiatives begun in the 2006-2007 timeframe. William Breed, Director of the USAID Director Global Climate Change Team, stated

that he was "reassured" by Commission comments about leaving the negotiations to the UNFCCC process and added that the U.S. also saw additional opportunities to work together. He pointed to extension of the SERVIR Earth Observations Hub as a platform for adaptation planning, greenhouse gas inventories, forest monitoring, and red tides as one possible venue, as well as jointly developing guidance manuals and tools for adaptation and several concrete opportunities for cooperation on clean energy. Concerned that EU counterparts were speaking in overly general terms focusing on dialog rather than action on the ground, he requested a more detailed side conversation later in the afternoon, after the formal meeting was adjourned.

FINAL REMARKS

¶15. (SBU) Ahead of final remarks, Jeff Hill, USAID's Senior Advisor for Agriculture within the Africa Bureau, put forward several concrete options for regional integration cooperation, including work related to development corridors, trade capacity building, value chains, scorecard methodologies and harmonization. In closing for the U.S. side, Nicholson affirmed the usefulness of the discussion, noting that he saw opportunities for "modest, doable, concrete" areas of cooperation that could make a difference in the field. He also suggested further talks around aid effectiveness, social safety nets, and the need to discuss donor approaches beyond the MDG target date of 2015. Popowski agreed while also suggesting that the meetings "demonstrated a new spirit of cooperation" and he, too, saw a stronger commitment to continue in an operational mode in parallel with policy dialogue. Czech Perm Rep Petr Halaxa underscored the opportunities for future cooperation and committed the outgoing presidency to maintain support for the development dialogue in its remaining weeks in office. As the meeting concluded, Henrik Ceferin from the Swedish Ministry of Foreign Affairs stressed the need for concrete results and affirmed that the Swedish presidency will work to ensure that all member states are aware of the initiative and support it.

NEXT STEPS

¶16. The U.S. as well as representatives from the Commission, Czech
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and Swedish presidencies and various member states committed to continuing the development dialogue in the months ahead. Practical next steps include efforts now underway to launch joint field visits focused on food security issues in the fall. Ongoing efforts to facilitate technical discussions with technical people in both Washington and Brussels will also proceed, as indeed happened only a few days after the Brussels meeting when the senior Commission official responsible for health policy and programs briefed USAID counterparts in Washington on EU approaches in this sector. While not wishing to create new coordination structures, both sides will also look for opportunities to meet on the fringes of other international events involving senior development officials from both the U.S. and the EU. Depending on interest, more focused side meetings on specific development issues can also be arranged. "European Development Days," scheduled to take place in Stockholm in late October, provides another opportunity to engage. In this regard, the Swedish presidency informally raised the possibility that the new USAID Administrator, if confirmed by that time, might want to participate in a high level discussion with European development ministers that would likely take place on October 21 in Stockholm.

COMMENT

¶17. (SBU) The Commission, with support from the Czech and Swedish presidencies, has great interest in formalizing a high level dialogue on development, a dialogue that may well be in USG interests to support. That said, issues of "who speaks for Europe" remain. Most member states attended the meetings but major donors

such as Germany and UK participated only briefly and contributed little to the discussion. Also, the technical meetings at times reflected a tendency to speak in broad generalities, discuss policy concerns in ways that aren't rooted in field reality and focus on noble aspirations rather than achievable results. Side discussions revealed that Commission staff have little capacity or capability to engage in new activities, citing understaffing. There may be some near-term possibility to engage in workshops or to frame our suggestions as fulfilling EC aspirations. Previous dialogue efforts between the E.U. and the US in the late 1990s foundered due to concerns that time spent talking only rarely resulted in concrete proposals or made a practical difference in the field. Looking forward, these elements remain vital and must be continually emphasized if this renewed effort to promote a trans-Atlantic dialogue on development is to succeed.

MURRAY